



Property Tax Assistance Division
2023 Report

Review of
Appraisal
District
Appraisal
Standards,
Procedures and
Methodology

TARGETED APPRAISAL REVIEW PROGRAM

JIM HOGG COUNTY APPRAISAL DISTRICT



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Texas Comptroller of Public Accounts

2023 TARGETED APPRAISAL REVIEW

JIM HOGG COUNTY APPRAISAL DISTRICT

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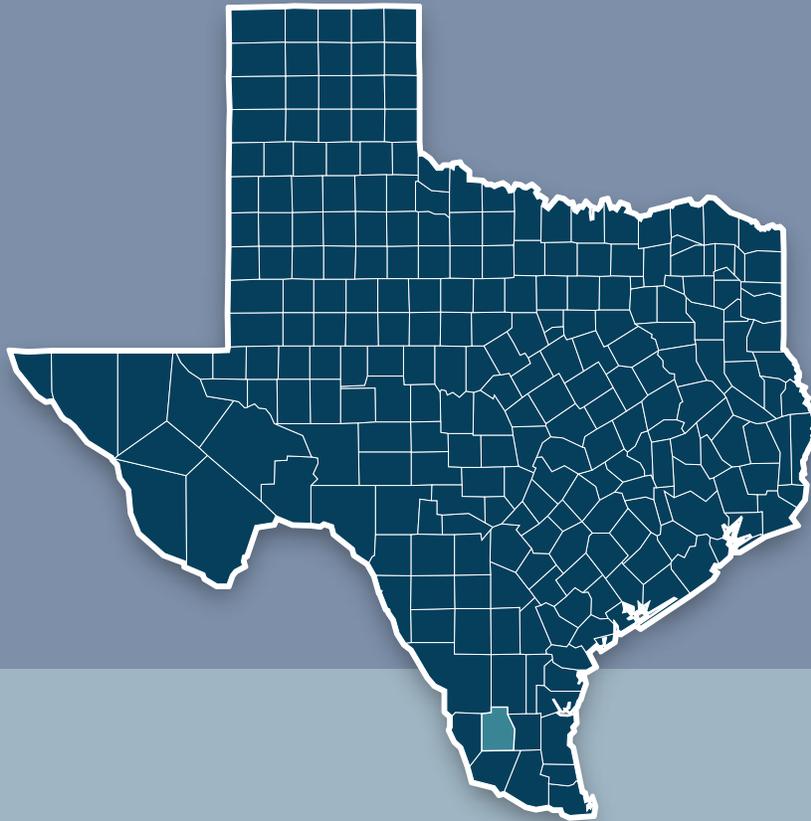




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Executive Summary

In September 2023, the Texas Comptroller of Public Accounts identified Jim Hogg County Independent School District (Jim Hogg County ISD), located in Jim Hogg County, as one of 46 school districts meeting the criteria that initiates a Targeted Appraisal Review (TARP) of the appraisal district in which the school district is located. In 2023, the Property Tax Assistance Division (PTAD) conducted the review of the Jim Hogg County Appraisal District (Jim Hogg).

TARGETED APPRAISAL REVIEW PROGRAM OVERVIEW

If a school district receives invalid School District Property Value Study (SDPVS) findings for three consecutive years, Government Code Section 403.302 (k-1) requires PTAD to conduct a review of the appraisal district to determine why a school district’s values are statistically invalid and provide recommendations to the appraisal district regarding appraisal standards, procedures and methodologies.

PTAD reviewers used the [Targeted Appraisal Review Program Guidelines](#) to perform this review. This report contains the findings of the 2023 TARP review of Jim Hogg. Over the next year, TARP reviewers will work with Jim Hogg to address and resolve recommendations outlined in this report. **Exhibit 1** provides a timeline for the TARP cycle.

Upon substantial compliance with all recommendations, PTAD will issue a formal letter of compliance to Jim Hogg and its board of directors.

If the appraisal district fails to comply with recommendations provided in the report and PTAD finds the appraisal district board of directors failed to take remedial action reasonably designed to ensure substantial compliance with each recommendation before the first anniversary of the date the recommendations were made, PTAD will notify the Texas Department of Licensing and Regulation (TDLR), which takes action necessary to ensure the recommendations are implemented as soon as practicable.

EXHIBIT 1

TARP Process Timeline

NOTIFICATION

- PTAD sends TARP notification letters and preliminary data requests to affected appraisal districts.

REVIEWS

- Preliminary data is due to PTAD.
- TARP reviewers complete onsite visits.

RECOMMENDATIONS

- PTAD releases initial TARP reports.
- Appraisal districts have one year to work with their TARP reviewers to substantially comply with TARP report recommendations. PTAD mails formal compliance letters when appraisal districts have substantially implemented all recommendations.

REMAINING RECOMMENDATIONS

- PTAD notifies TDLR of remaining recommendations one year after the initial TARP report is released.
- Appraisal districts have one year to work with TDLR, who determines substantial compliance and reports to the chief appraiser and appraisal district board of directors.



INVALID SCHOOL DISTRICT PROPERTY VALUATION

PTAD identified Jim Hogg County ISD in Jim Hogg as having invalid SDPVS findings for three consecutive years. **Exhibit 2** highlights the impacted school district and categories with local values that fell outside the SDPVS statistical confidence interval in the applicable three-year period. PTAD determines the confidence interval using a 5 percent or greater margin of error around PTAD’s determined market value. PTAD considers local values valid, or statistically acceptable, when they are within the confidence interval. Values outside this confidence interval are statistically invalid.

EXHIBIT 2

Jim Hogg SDPVS Results 2020-2022

SDPVS Year	County	School District	Findings	Category*	Ratio
2020	Jim Hogg	Jim Hogg County	Invalid	D1	0.8175
2020	Jim Hogg	Jim Hogg County	Invalid	F1	0.9113
2021	Jim Hogg	Jim Hogg County	Invalid	A	0.8224
2021	Jim Hogg	Jim Hogg County	Invalid	F1	0.8949
2021	Jim Hogg	Jim Hogg County	Invalid	J	0.9489
2022	Jim Hogg	Jim Hogg County	Invalid	A	0.8383
2022	Jim Hogg	Jim Hogg County	Invalid	D1	1.078
2022	Jim Hogg	Jim Hogg County	Invalid	E	0.7409
2022	Jim Hogg	Jim Hogg County	Invalid	F1	0.9166

*Categories are defined in the [Texas Property Tax Assistance Property Classification Guide](#).

Source: Texas Comptroller of Public Accounts, [School District Property Value Study](#)

RECOMMENDATIONS

Based on our findings in the TARP review of Jim Hogg, PTAD makes the following recommendations, which are discussed in greater detail throughout this report:

- Hire budgeted support staff.
- Categorize property correctly according to the *Texas Property Tax Assistance Property Classification Guide*.
- Authorize and train staff to fully use the appraisal software system.
- Update appraisal district maps to reflect all properties.
- Conduct ratio studies at timely intervals by market area, neighborhood, property class, or stratum and make appropriate adjustments based on results.
- Use Jim Hogg’s local ratio study results to make reappraisal decisions necessary to produce accurate values.
- Review and update residential cost schedules annually.
- Use calculated values for land designated as agricultural use.
- Review and update land schedules annually.
- Update commercial cost schedules.
- Calculate and consider the three approaches to value in appraising commercial property.
- Collect income and expense information for use in the income approach.



Section 1 – Overview of County Appraisal District

1.1 COUNTY HISTORY AND DEMOGRAPHICS

According to *The Handbook of Texas Online*, the Texas State Legislature created Jim Hogg County from portions of Brooks and Duval counties in March 1911. The Legislature named the county in honor of Jim Hogg, the 20th governor of Texas from 1891 to 1895. The legislature named Hebbroville the county seat in 1913. Jim Hogg County is located at the junction of State Highways 359, 16 and 285, approximately 84 miles from Laredo, Texas.

The county includes the Jim Hogg County Independent School District. The county population in 2020, according to the United States Census Bureau was 4,838. The major population center is the city of Hebbroville, having 4,101 residents and a variety of small towns and unincorporated areas.

Based on the 2020 census population, PTAD classifies Jim Hogg as Tier 3 for comparison with appraisal districts of similar population size. **Exhibit 3** shows the population brackets for each tier.

1.2 APPRAISAL DISTRICT ORGANIZATION AND STAFFING

Jim Hogg became active in January 1980. As of July 2024, it has three full-time staff positions, of which one position is supervisory and two positions are full-time appraisers. Jim Hogg contracts with a vendor for professional appraisal services. **Exhibit 4** presents Jim Hogg’s general organizational structure.

1.3 TAXING UNITS

Local taxing units, including the school districts, counties, cities, junior colleges and special districts, decide how much money they require to effectively provide public services. They adopt property tax rates based upon taxing unit financial needs (budget). Some taxing units have access to other revenue sources, such as a local sales tax. School districts must rely on the local property tax, in addition to state and federal funds.

Jim Hogg provides appraisal services for five taxing units, as shown in **Exhibit 5**.

EXHIBIT 3

County Population by Tier	
Tier	Total Population Range
1	120,000 +
2	Less than 120,000 to 20,000
3	Less than 20,000

Source: Texas Comptroller of Public Accounts

EXHIBIT 4



Source: Jim Hogg County Appraisal District



EXHIBIT 5

Jim Hogg Taxing Units and Collections

Name of Taxing Unit	Appraisal District Collects Property Taxes
Jim Hogg County	No
Jim Hogg County Independent School District	No
Jim Hogg WCID #2	No
Jim Hogg County ESD	No
Brush Country Ground Water Control	No

Source: Texas Comptroller of Public Accounts

1.4 APPRAISAL DISTRICT BUDGET INFORMATION

Taxing units fund the appraisal district through an annual budgeting process. Tax Code Section 6.06 requires the chief appraiser to develop the budget and the board of directors to hold a public hearing to consider the budget. Each participating taxing unit in the appraisal district must contribute a portion of the budget amount equal to the proportional amount of taxes levied in the taxing unit.

Chapter 5 of the International Association of Assessing Officer's (IAAO's) *Assessment Administration* explains that the budget is the crucial link in an appraisal district's ability to make set rational priorities. A budget typically details how resources will be used to accomplish the appraisal district's goals and objectives. IAAO's *Standard on Property Tax Policy* states that to accomplish its responsibilities in a fair and professional manner, the appraisal district should have a budget that provides for a well-organized staff, sufficient computing resources and necessary data.

Exhibit 6 provides a comparison between Jim Hogg's 2022 budget (excluding collections) versus the Tier 3 average 2022 budget (excluding collections) to show how Jim Hogg's budget aligns with the tier average.

EXHIBIT 6

Jim Hogg 2022 Budget vs. Tier 3 Average

Jim Hogg County Appraisal District Budget (2022)	Tier 3 Average Budget (2022)
\$387,516	\$547,673

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey***1.5 APPRAISAL DISTRICT STAFF INFORMATION**

The geographic size of the appraisal district and number of parcels to be appraised directly reflect the number of staff necessary to perform the appraisal district's responsibilities. The complexity of the appraisals and the experience and expertise of the staff also impact appraisal district needs.

Exhibit 7 provides a comparison between Jim Hogg's 2022 staffing (excluding collections) and the Tier 3 average (excluding collections) to determine how Jim Hogg's staffing and salaries compare with the tier average.



EXHIBIT 7

Jim Hogg 2022 Staffing and Salaries vs. Tier 3 Average

	2022	2022 Tier 3 Average
Full Time Staff	3	4
Part Time Staff	0	N/A
Full Time Appraisers	2	3
Lowest Appraiser Salary	\$30,000	\$39,505
Highest Appraiser Salary	\$30,000	\$48,041

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey*

Jim Hogg has consistently maintained a full-time staff of three employees from 2019 to 2022, which is lower than the previous year's Tier 3 average of four. In the appraisal division, the appraisal district employed two full-time appraisers each year from 2019 to 2022, which is less than the Tier 3 average and the previous year's Tier 3 average. Both appraisers' salaries were \$28,000 in 2019 and increased to \$30,000 in 2022. These salaries are both significantly below the Tier 3 average minimum salary of \$39,505 and the Tier 3 average maximum salary of \$48,041. A four-year staff and salary history and Tier 3 average comparison is available in **Appendix 2**.

Q FINDING

Jim Hogg lacks adequate support staff, preventing appraisers from focusing solely on appraising property.

IAAO's *Standard on Mass Appraisal*, Section 6.2.1, Staffing, states that the staff should be a mix of individuals skilled in general administration, supervision, appraisal, mapping, data processing and clerical functions. It also highlights the importance of flexibility in the staffing structure, as the staffing needs can vary significantly based on factors such as the frequency of reappraisals.

Jim Hogg's budget includes an unfilled clerk position. Jim Hogg has struggled to fill the budgeted clerk position due to conflicts between the board of directors and the chief appraiser. Although the chief appraiser is responsible for hiring staff, the board of directors exerts significant control over his ability to hire quality staff. Consequently, the appraiser must spend valuable appraisal time completing tasks a clerk could perform.

The appraiser could dedicate more time to appraising property if the chief appraiser filled the clerk position. The appraisal district should maintain adequate staffing levels to ensure appraisal tasks can be performed and completed.

💡 RECOMMENDATION 1

Hire budgeted support staff.

1.6 TRAINING

IAAO's *Standard on Professional Development* follows the principle that "assessment jurisdictions benefit when they have knowledgeable and adequately trained personnel to preserve the public's trust; therefore, it is of the utmost importance."

Exhibit 8 provides Jim Hogg's annual training budget and number of trainings attended for the past three years. Appraisal districts should maintain adequate training budgets to allow for certification and continued education of staff.



EXHIBIT 8

Jim Hogg Training Budget and Number of Trainings

	2022	2021	2020
Training Budget	\$10,000	\$10,000	\$10,000
Number of Trainings Attended	39	40	14

Source: Jim Hogg County Appraisal District

From 2020 to 2022, Jim Hogg’s training budget remained steady and the trainings attended increased substantially over the three-year review period.

1.7 CHIEF APPRAISER

The board of directors is responsible for hiring and periodically evaluating the chief appraiser, who coordinates and oversees appraisal district operations. In organizing and administering an appraisal district, the chief appraiser is responsible for hiring, firing and training personnel; for ensuring compliance with a wide range of legal requirements; and for maintaining policies and procedures for the effective operation of the appraisal district. **Exhibit 9** provides detailed information regarding Jim Hogg’s chief appraiser.

EXHIBIT 9

Jim Hogg Chief Appraiser Information**Chief Appraiser**

Is the Chief Appraiser permanent, temporary or interim?	Permanent
Does the Chief Appraiser perform appraisals?	Yes
2022 Base Salary	\$57,760
Chief Appraiser – Years at appraisal district	16
Chief Appraiser – Years as a Chief Appraiser	16
Does the Chief Appraiser receive a car allowance?	No
What is the amount of the car allowance? (If applicable)	N/A
Does the Chief Appraiser receive retirement benefits?	Yes
Does the Chief Appraiser receive medical insurance benefits?	Yes

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey* and Jim Hogg County Appraisal District



1.8 APPRAISAL DISTRICT CONTRACTS

PTAD reviews appraisal district contracts for compliance according to IAAO’s *Standard on Contracting for Assessment Services*. **Exhibit 10** lists Jim Hogg’s contracts, which are discussed in more detail in throughout this report.

Project control is important for the stakeholders of both the government agency and the contractor. Having control can help the project manager/program manager compare actual performance against planned performance. The project manager can identify potential problems, evaluate alternative actions and plan for appropriate corrective action.

Project leaders typically create a project plan that includes the tasks to be performed, the project timeline, a budget and project resources. By monitoring the plan and the actual work performed, the project manager can measure both qualitative and quantitative progress.

If the project is deviating from the project timeline, corrective action may be necessary. Deviations can be caused by several issues such as change in the project scope or project resources or other setbacks. The corrective plan should be created with input from all project stakeholders.

An appraisal district is a political subdivision of the State of Texas and is subject to the same requirements and has the same purchasing and contracting authority as a municipality under Chapter 252, Local Government Code. Jim Hogg does not regularly go out for new contract bids and allows existing contracts to renew each year as long as they continue to be satisfied with the work product and services provided by the contractor.

EXHIBIT 10

Jim Hogg Contracts			
Type of Contract	Contract Dates	Years with Same Vendor	Does appraisal district actively monitor contract?
Appraisal of Minerals, Industrial and Utilities	2023-25	18+ years	Yes
Software	2024-25	18+ years	Yes
Mapping	2024-25	18+ years	Yes
GIS	2024-25	18+ years	Yes
Aerial Photography	2024-29	1 year	Yes

Source: Jim Hogg County Appraisal District



Section 2 – Appraisal Administration

2.1 APPRAISAL DISTRICT PARCEL DATA

PTAD collects appraisal district parcel data to determine the ratio of appraisers to parcel count and to compare it with the typical parcel per appraiser average in **Exhibit 11**.

EXHIBIT 11

2022 Jim Hogg Parcel Information vs. Typical Parcel Per Appraiser Average

Parcel Information	Jim Hogg	Typical Parcel Per Appraiser (Rounded)
Parcel Count	7,293	Under 10,000
Parcels per Appraisal Staff	2,574*	5,300**

Source: Texas Comptroller of Public Accounts, *Electronic Appraisal Roll Submission*

*Excludes parcels for contracted appraisal services

**Includes all property categories

In 2022, Jim Hogg managed 2,574 parcels per appraiser, while the typical parcel per appraiser average for appraisal districts with under 10,000 parcels was 5,300 parcels per appraiser. Jim Hogg contracts for appraisal services in Categories G, J and L2. Parcels in these categories were removed from the parcel county to determine the parcels per appraiser of 2,547. This data, provided to our office through the Comptroller’s Electronic Appraisal Roll Submission (EARS), indicates that Jim Hogg’s parcels per appraiser is lower than the typical parcel per appraiser average, suggesting the appraisal district has adequate appraisal staff for their parcel count.

From 2019 to 2022, Jim Hogg managed parcel counts ranging from 6,271 to 7,293 and the parcels assigned per appraiser ranged from 2,574 to 5,063. The total market value of certified parcels increased from \$909,869,646 to \$1,010,896,690 between 2019 and 2022. According to the *Appraisal District Operation Survey* and the EARS, Jim Hogg’s ratio of parcels per appraiser is less than appraisal districts handling under 10,000 parcels. **Appendix 3** provides the appraisal district’s parcel data over the four-year review period.

2.2 PROPERTY CLASSIFICATION

Appraisal districts should consider current property use to determine the appropriate property classification. Misclassified property leads to inaccurate taxable value estimates. Appraisal districts should review property classifications annually and make corrections within their systems prior to submitting their EARS to PTAD. PTAD publishes the [Texas Property Tax Assistance Property Classification Guide](#) that includes property categories and examples.

FINDING

Jim Hogg incorrectly categorizes property according to the *Texas Property Tax Assistance Property Classification Guide*.

The *Texas Property Tax Assistance Property Classification Guide* assists appraisal districts in classifying property for value analysis and use in the biennial SDPVS. EARS, a process of submitting appraisal roll data on electronic media, has improved reporting accuracy. Proper use of this classification guide also improves reporting accuracy.



In conducting the SDPVS and estimating value, PTAD analyzes property by category. Appraisal district reporting of misclassified local value – value reported in the wrong category – may lead to inaccurate taxable value estimates. The Texas Education Agency (TEA) uses the Comptroller’s taxable value estimates in determining state funding for school districts. Consequently, misclassification by appraisal districts could impact school funding.

A review of a random sample for Jim Hogg County ISD of 15 properties each from Categories A, D1, E, F1 and J indicated the appraisal district is not in compliance with the *Texas Property Tax Assistance Property Classification Guide*. **Exhibit 12** shows the incorrectly categorized property found in the review.

 **RECOMMENDATION 2**

Categorize property correctly according to the *Texas Property Tax Assistance Property Classification Guide*.

EXHIBIT 12

Incorrectly Categorized Property		
No. of Accounts	No. of Accounts	Misclassification
D1	2	<ul style="list-style-type: none"> account 989 land is classified as D1, improvement not classified correctly account 4326 land is classified as D1, improvement not classified correctly
F1	1	<ul style="list-style-type: none"> account 571 improvement is classified as F1, land not classified correctly

Source: Jim Hogg County Appraisal District

2.3 CONTRACTED APPRAISAL SERVICES

From 2019 to 2022, appraisal district staff appraised 76 to 82 percent of the total appraised value within Jim Hogg County, specifically for Categories A, B, C, D, E, F, L1 and M. From 2019 to 2022, Jim Hogg contracted for appraisal services for property Categories G, J and L2. Each year, these contracted firms appraised between 18 and 24 percent of the total appraised value within the appraisal district. The cost of these services stayed consistent at \$42,600 over four years. Additionally, the appraisal district uses a geographic information system (GIS) throughout this period but did not employ aerial technology systems.

Jim Hogg’s contracted appraisal services are listed in **Exhibit 13**.

EXHIBIT 13

Jim Hogg’s Contracted Appraisal Services				
	2022	2021	2020	2019
Appraisal Services Contract	Yes	Yes	Yes	Yes
Contracted Property Categories	G, J and L2	G, J and L2	F2, G1, J and L2	F2, G1 and J
Percentage of total appraised value appraised by contracted appraisal firms	18%	20%	21%	24%
Appraisal Contract Cost	\$42,600	\$42,600	\$42,600	\$76,000

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey*



2.4 COMPUTER ASSISTED MASS APPRAISALS (CAMA)

IAAO’s *Standard on Mass Appraisal*, Section 6.3.2, Software, explains the appraisal district can internally develop CAMA software, adapted from software developed by other public agencies, or purchased (in whole or in part) from private vendors. The appraisal district must tailor it to adapt externally developed software to the requirements of the user’s environment. Each alternative has advantages and disadvantages. The appraisal district should have software designed to be easily modified and well-documented at both the appraiser/user and programmer levels.

CAMA software works simultaneously with various general-purpose software, typically including word processing, spreadsheet, statistical and GIS programs. These programs and applications must be able to share data and work together cohesively.

Jim Hogg does not use its CAMA software to its full potential.

Appraisal district staff should understand their CAMA software capabilities. Interviews with Jim Hogg staff revealed that the staff did not know how to run special queries without contacting the vendor. The CAMA system also has a ratio study analysis report that Jim Hogg does not use. Instead, they rely on Excel spreadsheets that lack important measures of central tendency.

Inadequate training on the CAMA software increases the time required to complete tasks that can be handled more efficiently in-house. Insufficient knowledge of the ratio study program hinders the appraisal district’s ability to accurately identify, sort, stratify and analyze sales data and central tendencies necessary for assigning the most accurate appraised values.

RECOMMENDATION 3

Authorize and train staff to fully use the appraisal software system.

2.5 MAPPING AND/OR AERIAL PHOTOGRAPH

IAAO’s *Standard on Digital Cadastral Maps and Parcel Identifiers* (2015), Section 3.7, states basic information contained on maps should include parcel boundaries, identifiers, dimensions and area, subdivision or plat information, block and lot numbers, jurisdictional boundaries, locations and names of streets, railroads, rivers, lakes and other geographic features, situs addresses and geographic boundaries.

Comptroller Rule 9.3002 requires all appraisal offices and tax offices appraising property for ad valorem purposes to develop and maintain a system of tax maps covering the entire area of the taxing units for whom each office appraisees property. Tax maps should be drawn to scale and delineated for lot lines or property lines or both, with dimensions or areas and identifying numbers, letters, or names for all delineated lots or parcels. Each parcel must be assigned parcel identification numbers (PIN) and the PIN recorded on the corresponding appraisal card. The tax map system should be updated annually.

FINDING

Jim Hogg’s maps do not provide the information specified in IAAO’s *Standard on Digital Cadastral Maps and Parcel Identifiers*.

IAAO’s *Standard on Digital Cadastral Maps*, Section 2, Introduction states cadastral maps for the entire jurisdiction, regardless of taxable status or ownership, are essential to the performance of assessment functions. Digital cadastral maps enable the assessor to access parcel location and information, reveal geographic relationships that affect property value and provide a platform for the visualization of data layers and analytical results more efficiently.

IAAO’s *Standard on Digital Cadastral Maps*, Section 3.4, Parcel Identifiers, recommends that each parcel polygon should be attributed with a unique identifier. The parcel identifier provides a common index for all property records. Each parcel should be keyed to a unique identifier or code that links the cadastral layer with files containing such data as ownership, building and land value, use and zoning.



Out of 75 sampled properties, the reviewer was unable to locate 25 (33 percent) on Jim Hogg’s maps. Jim Hogg contracts for their mapping system. In south Texas, obtaining valid deed records with surveys or metes and bounds descriptions from the county records is typically difficult. The appraisal district should work with the county clerk’s office to capture as much deed information as possible and collaborate with the mapping contractor to identify unmapped properties.

An appraisal district needs a complete set of digital maps to make locating property accounts and improvements more efficient. Incomplete records make it difficult for appraisers to accurately locate properties for review and can result in omitted property.

RECOMMENDATION 4

Update appraisal district maps to reflect all properties

2.6 RATIO STUDIES

An appraisal district should perform ratio study analyses to evaluate appraisal performance. Per IAAO’s *Standard on Ratio Studies*, there are several key uses of ratio studies including: measurement and evaluation of the level and uniformity of mass appraisal models, internal quality assurance and identification of appraisal priorities, determination of whether administrative or statutory standards have been met, determination of time trends and adjustment of appraised values between reappraisals. Ratio Study Uniformity Standards indicating acceptable general quality are presented in **Exhibit 14**.

EXHIBIT 14

Ratio Study Uniformity Standards

Type of property - General	Type of property - Specific	COD Range*
Single-family residential (including residential condominiums)	Newer or more homogeneous areas	5.0 to 10.0
Single-family residential	Older or more heterogeneous areas	5.0 to 15.0
Other residential	Rural, seasonal, recreational, manufactured housing, 2–4 unit family housing	5.0 to 20.0
Income-producing properties	Larger areas represented by large samples	5.0 to 15.0
Income-producing properties	Smaller areas represented by smaller samples	5.0 to 20.0
Vacant land	N/A	5.0 to 25.0
Other real and personal property	N/A	Varies with local conditions

Source: IAAO’s *Standard on Ratio Studies*

*These types of property are provided for guidance only and may not represent jurisdictional requirements.
* Coefficient of Dispersion (CODs) lower than 5.0 may indicate sales chasing or non-representative samples.*



JIM HOGG RATIO STUDIES

FINDING

Jim Hogg does not conduct ratio studies at timely intervals during the valuation process. They do not run ratio studies by market area, neighborhood, property class, or stratum and they do not use ratio study results to determine if adjustments should be made.

IAAO's *Standard on Ratio Studies and Frequency of Ratio Studies*, Section 4.2, recommends that the appraisal district conduct at least four ratio studies to establish the following:

- i. a baseline of current appraisal performance
- ii. preliminary values so that they can correct any significant deficiency
- iii. values used in assessment notices sent to taxpayers
- iv. final values after completion of the first informal phase of the appeals process

The appraisal district can use the final study to plan for the following year. In addition, it can conduct ratio studies as needed to evaluate appraisal procedures, investigate a discrimination complaint, or answer a specific question.

IAAO's *Standard on Ratio Studies*, Section 2.3, Uses of Ratio Studies, states the critical uses of ratio studies are as follows:

- v. measurement and evaluation of the level and uniformity of mass appraisal models
- vi. internal quality assurance and identification of appraisal priorities
- vii. determination of whether the appraisal district has met administrative or statutory standards
- viii. determination of time trends
- ix. adjustment of appraised values between reappraisals

IAAO's *Standard on Ratio Studies*, Section 3.3, Stratification states stratification divides all the properties within the scope of the study into two or more groups or strata. Stratification facilitates a complete and detailed picture of appraisal performance and can enhance sample representativeness.

Each type of property subject to a distinct level of assessment could constitute a stratum. Other property groups, such as market areas, school districts and taxing units, could constitute additional strata.

The appraisal district should choose strata consistent with factors in the mass appraisal model. When the study's purpose is to evaluate appraisal quality, flexibility in stratification is essential. The general goal is to identify areas in which the assessment levels are too low or lack uniformity and property groups for which additional reappraisal work may be required. In such cases, it is also highly desirable to stratify on the basis of more than one characteristic simultaneously.

Stratification can help identify differences in appraisal levels between property groups. In large jurisdictions, stratification by market areas is generally more appropriate for residential properties. In contrast, stratification of commercial properties by either geographic area or property subtypes (e.g., office, retail and warehouse/industrial) can be more effective.

Jim Hogg only runs ratio studies once a year before sending notices. They use Excel spreadsheets instead of the CAMA system. By not utilizing the full capabilities of the CAMA system's ratio reports, Jim Hogg's ratio studies lack the important statistical measures of uniformity. Additionally, combining all sales data into one spreadsheet fails to provide the necessary information for making accurate adjustments based upon property category, classification, submarket and strata. In 2024, Jim Hogg increased values for the first time in five years, resulting in substantial changes in residential property values across all classifications.

It is crucial to collect regular sales data, conduct ratio studies and evaluate cost schedules based on these findings to accurately assess reliable market trends and establish developing market values.



RECOMMENDATION 5

Conduct ratio studies at timely intervals by market area, neighborhood, property class, or stratum and make appropriate adjustments based on results.

PTAD'S APPRAISAL DISTRICT RATIO STUDY (ADRS)

Tax Code Section 5.10 requires PTAD to conduct a ratio study to measure the performance of each appraisal district in Texas at least once every two years and to publish the results.

The purpose of the Appraisal District Ratio Study (ADRS) is to measure the uniformity and median level of appraisals performed by an appraisal district within each major category of property.

To conduct the ADRS, PTAD applies appropriate standard statistical analysis techniques to data collected through the SDPVS required by Government Code Section 403.302.

The published report provides ratio study results for each appraisal district studied that year and includes:

- the median levels of appraisal for each major property category.
- the coefficient of dispersion (COD) around the median level of appraisal for each major property category; and
- other appropriate statistical measures.

Exhibit 15 shows the data from PTAD's Appraisal District Ratio Study for Jim Hogg in 2021.

EXHIBIT 15

PTAD's Appraisal District Ratio Study, Jim Hogg 2021

Category	Number of Ratios**	2021 CAD Reported Appraisal Value	Median Level of Appraisal	Coefficient of Dispersion	% Ratios within (+/-) 10 % of Median	% Ratios within (+/-) 25 % of Median	Price - Related Differential
A. SINGLE-FAMILY RES	63	116,374,480	0.88	19.96	38.10	73.02	1.01
B. MULTI-FAMILY RES	0	4,525,310	*	*	*	*	*
C1. VACANT LOTS	0	5,416,210	*	*	*	*	*
C2. COLONIA LOTS	0	0	*	*	*	*	*
D2. FARM/RANCH IMP	10	20,979,120	0.92	19.35	30.00	70.00	1.11
E. RURAL-NON-QUAL	0	12,842,270	*	*	*	*	*
F1. COMMERCIAL REAL	35	23,798,270	0.98	13.52	54.29	82.86	1.02
F2. INDUSTRIAL REAL	0	133,728,340	*	*	*	*	*
G. OIL, GAS, MINERALS	25	7,438,800	0.98	1.75	100.00	100.00	1.00
J. UTILITIES	4	53,865,410	0.91	7.97	75.00	100.00	0.94
L1. COMMERCIAL PER	0	9,674,060	*	*	*	*	*
L2. INDUSTRIAL PER	0	6,994,030	*	*	*	*	*
M. OTHER PERSONAL	0	137,950	*	*	*	*	*
O. RESIDENTIAL INV	0	0	*	*	*	*	*
S. SPECIAL INVENTORY	0	0	*	*	*	*	*
OVERALL	139	395,774,250	0.96	14.90	51.82	80.29	0.99

Source: Texas Comptroller of Public Accounts, *Appraisal District Ratio Study 2021 Tax Year Findings*

* Category result not calculated. Calculation requires a minimum of five ratios from either of the following:

- Categories representing at least 25 percent of total appraisal district category value.
- Five school districts or half the school districts in the appraisal district, whichever is less.

** Statistical measures may not be reliable when the sample is small.



FINDING

Jim Hogg is not appraising property uniformly or equitably.

Ratio Study standards provide a means of measuring whether appraisal efforts have met appropriate expectations. To determine reappraisal priorities, appraisal districts should use ratio studies to measure the level of appraisal and uniformity of appraisal for the overall jurisdiction, for individual mass appraisal neighborhoods or market areas, by types of properties, or any other significant segment that assists in that determination.

The median measures the accuracy of an appraisal district's appraisals in relation to the standard of 100 percent of market value. According to IAAO, the median is the appropriate measure of central tendency for evaluating appraisal performance. The median level of appraisal standard is 0.95-1.05 to indicate accurate market value appraisals. **Exhibit 15** shows Jim Hogg has a good overall median level of appraisal (0.96) and a low median level of appraisal in Category A (0.88), Category D2 (0.92) and Category J (0.91). These low ratios indicate that properties are appraised below market value.

The Coefficient of Dispersion (COD) is a measure of appraisal uniformity. **Exhibit 14** shows the IAAO suggested COD standards. **Exhibit 15** shows that Jim Hogg has a good overall COD (14.81) and a high COD in Category A (19.96), indicating uniformity issues across major property types. These figures indicate higher variability in appraisal ratios, suggesting inconsistencies in valuation. This level of dispersion suggests the average deviation of the ratios from the median is excessive, potentially affecting the reliability of the appraisal assessments.

The Price-Related Differential (PRD) is a measure of vertical equity, comparing the appraisal of higher valued properties to the appraisal of lower valued properties. IAAO states that anything outside of the PRD range of 0.98-1.03 indicates vertical inequity or treating higher and lower priced properties differently. **Exhibit 15** shows the overall PRD (0.96), Category A (1.01) and Category F1 (1.02) to be within the appropriate range, suggesting that Jim Hogg is treating higher and lower valued properties similarly. The PRD for Category D2 (1.11) is higher than the IAAO suggested PRD range, indicating regressivity or that lower valued properties are relatively over-appraised compared to higher valued properties in that category.

Low median levels of appraisal, combined with high CODs and high PRDs indicates that a reappraisal of all property would be prudent. Because ADRS only reviews certain property categories, Jim Hogg should perform its own ratio studies at a micro-level to determine which neighborhoods would benefit from full reappraisal or if a trend factor could be applied.

RECOMMENDATION 6

Use Jim Hogg's local ratio study results to make reappraisal decisions necessary to produce accurate values.

Section 3 – Categories of Valuation in the SDPVS

PTAD found Jim Hogg County ISD's Categories A, D1, E, F1 and J to be invalid in the years indicated in **Exhibit 16**. Because these property categories had invalid ratios in at least one of the three review years, these property categories are the basis of this TARP review.

PTAD found Categories B, C, G and L1 in Jim Hogg County ISD to be valid and they are *not* included in the scope of this TARP review.



EXHIBIT 16

SDPVS Invalid Property Categories 2020-22

ISD	2020	2021	2022
Westwood	D1 and F1	A, F1 and J	A, D1, E and F1

Source: Texas Comptroller of Public Accounts, [School District Property Value Study Final Findings](#)

3.1 CATEGORY A – SINGLE-FAMILY RESIDENTIAL PROPERTY VALUATION

The Comptroller’s [Texas Property Tax Assistance Property Classification Guide](#) states Category A property includes single-family residential improvements and land on which the improvements are situated. They may or may not be within the city limits or in close proximity to a city.

 FINDING

Jim Hogg does not update residential cost schedules.

IAAO’s *Standard on Mass Appraisal*, Section 4.2, The Cost Approach, states that the cost approach applies to virtually all improved parcels and, if used properly, can produce accurate valuations. The cost approach is more reliable for newer standard materials, design and workmanship structures. It produces an estimate of the value of the fee simple interest in a property.

Reliable cost data are imperative in any successful application of the cost approach. The data must be complete, typical and current. Current construction costs should be based on the cost of replacing a structure with one of equal utility, using current materials, design and building standards. In addition to specific property types, cost models should include the cost of individual construction components and building items to adjust for features that differ from base specifications. The appraisal district should incorporate these costs into a construction cost manual and related computer software. The software can perform the valuation function. The appraisal district can use the manual when nonautomated calculations are required and provide additional documentation.

The appraisal district can develop construction cost schedules in-house based on a systematic study of local construction costs, obtained from firms specializing in such information, or custom-generated by a contractor. The appraisal district should verify the cost schedules for accuracy by applying them to recently constructed improvements of known cost. The appraisal district should also update construction costs before each assessment cycle.

In 2024, the appraisal district Jim Hogg increased property values for the first time in five years, leading to substantial value changes in residential property across all classifications. Jim Hogg ratio studies and the 2021 and 2022 SDPVS indicated that values were low. The reasons for not making changes in prior years, despite the accelerating local market, remain unclear. Jim Hogg has not updated residential cost schedules for years.

 RECOMMENDATION 7

Review and update residential cost schedules annually.



3.2 CATEGORY (D) D1 – QUALIFIED OPEN-SPACE LAND PROPERTY VALUATION AND CATEGORY D2 – FARM AND RANCH IMPROVEMENTS SPECIAL USE VALUATION

The Comptroller’s *Texas Property Tax Assistance Property Classification Guide* states Category D1 includes all acreage qualified for productivity valuation under Texas Constitution, Article VIII, 1-d or 1-d-1 and Tax Code Chapter 23, Subchapters C, D, E and H.

It also states Category D2 includes improvements, other than residences, associated with land reported as Category D1. These improvements include all barns, sheds, silos, garages and other improvements associated with farming or ranching.

FINDING

Jim Hogg does not use its calculated values for land designated as agricultural use

Tax Code, Section 23.41 states land designated for agricultural use is appraised at its value based on the land’s capacity to produce agricultural products. The value of land based on its capacity to produce agricultural products is determined by capitalizing the average net income the land would have yielded under prudent management from production of agricultural products during the five years preceding the current year.

Jim Hogg gathers income and expense data on agricultural land from surveys and their Agricultural Appraisal Advisory Board. Jim Hogg demonstrated that they accurately calculate net to land values. However, they have not implemented the calculated values in the past five years. Instead, they have been rolling over the agricultural values from year to year. This may be due to discrepancies between Jim Hogg’s agricultural values and the SDPVS values. In 2020, the appraisal district agricultural value for native pasture was \$71.24 per acre while the SDPVS indicated a value of \$87.80 resulting in a ratio of 0.8175. In 2022, Jim Hogg’s agricultural value for native pasture was \$71.22 while the SDPVS value was \$66.10 resulting in a ratio of 1.0788. Despite the Jim Hogg’s native pasture remaining virtually unchanged, it shifted from being too low to being too high.

Jim Hogg did not submit a Farm and Ranch Survey for the past five years. It is critical for the appraisal district to establish a clear channel of communication with PTAD’s field studies staff to prevent such large value swings.

RECOMMENDATION 8

Use calculated values for land designated as agricultural use.

3.3 CATEGORY E – RURAL LAND, NOT QUALIFIED FOR OPEN-SPACE APPRAISAL PROPERTY VALUATION

The Comptroller’s *Texas Property Tax Assistance Property Classification Guide* states Category E includes only rural land that is not qualified for productivity valuation and the improvements on that land, including residences. Appraisal districts may report any size tract in Category E.

As always, primary use is the determining factor in classifying property. If the land is used as residential inventory, commercial, industrial, or other purposes, classify the property by that use. Likewise, if the land qualifies as open-space land for productivity appraisal, the use determines its classification as Category D1. If the land does not fit in these other categories, report it in Category E.



FINDING

Jim Hogg does not review and update land schedules.

IAAO’s *Standard on Mass Appraisal*, Section 4.5, Land Valuation, states that state or local laws may require the appraisal district to separate the value of an improved parcel into land and improvement components. When the appraisal district uses the sales comparison or income approach, an independent land value estimate can be subtracted from the total property value to obtain a residual improvement value. Some computerized valuation techniques separate total value into land and building components.

Jim Hogg should annually review land values. The sales comparison approach is the primary approach to land valuation and is always preferred when sufficient sales are available. In the absence of adequate sales, appraisal districts can use other techniques in land appraisal including allocation, abstraction, anticipated use, capitalization of ground rents and land residual capitalization.

In 2024, Jim Hogg increased residential values for the first time in five years, leading to substantial value changes in residential property values across all classifications. However, they did not make corresponding land schedule changes. Despite limited land sales data, they could have used multiple years of sales data to analyze the upward trend in land values and update their schedules accordingly.

RECOMMENDATION 9

Review and update land schedules annually.

3.4 CATEGORY F1 – COMMERCIAL REAL PROPERTY VALUATION

The Comptroller’s *Texas Property Tax Assistance Property Classification Guide* states Category F property includes land and improvements associated with businesses that sell goods or services to the public. Businesses considered commercial businesses include wholesale and retail stores, shopping centers, office buildings, restaurants, hotels and motels, gas stations, parking garages and lots, auto dealers, repair shops, finance companies, insurance companies, savings and loan associations, banks, credit unions, clinics, nursing homes, hospitals, marinas, bowling alleys, golf courses and mobile home parks.

FINDING

Jim Hogg does not annually review and update commercial cost schedules.

IAAO’s *Standard on Mass Appraisal*, Section 4.2, The Cost Approach states that the cost approach applies to virtually all improved parcels and, if used properly, can produce accurate valuations. The cost approach is more reliable for newer standard materials, design and workmanship structures. It produces an estimate of the value of the fee simple interest in a property.

Commercial cost schedules should be reviewed annually and updated as needed. Though Jim Hogg indicates there is not enough commercial sales data to run a ratio study, they should still review and update their commercial cost schedules based on their Marshall and Swift cost service subscription. Inflation increases over the past four years have driven up the cost of materials and labor. Without sales data to rely on, Jim Hogg should have adjusted for increased construction costs over the last five years.

Reliable cost data is imperative in any successful application of the cost approach. The data must be complete, typical and current. Current construction costs should be based on the cost of replacing a structure with one of equal utility, using current materials, design and building standards.



In addition to specific property types, cost models should include the cost of individual construction components and building items to adjust for features that differ from base specifications. The appraisal district should incorporate these costs into a construction cost manual and related computer software. The software can perform the valuation function. The appraisal district can use the manual when nonautomated calculations are required and provide additional documentation.

Jim Hogg can develop construction cost schedules in-house based on a systematic study of local construction costs, obtained from firms specializing in such information, or custom-generated by a contractor. The appraisal district should verify the cost schedules for accuracy by applying them to recently constructed improvements of known cost. The appraisal district should also update construction costs before each assessment cycle.

 **RECOMMENDATION 10**

Update commercial cost schedules.

 **FINDING**

Jim Hogg does not consider the three approaches to value in appraising commercial property.

IAAO’s *Standard on Mass Appraisal*, Section 4.6.4, Commercial and Industrial Property, states that the income approach is the most appropriate method in valuing commercial and industrial property if sufficient income data are available. Direct sales comparison models can be equally effective in large jurisdictions with sufficient sales. When a sufficient supply of sales data and income data is not available, the cost approach should be applied. However, the appraisal district should check the values generated against available sales data. The appraisal district should keep cost factors, land values and depreciation schedules current through periodic review.

Jim Hogg should use all three approaches, sales comparison, cost and income when appraising commercial property. Without enough sales data to perform a sales comparison approach for commercial properties, the appraisal district can still use the cost and income approaches. Currently, they only perform the income approach on hotel/motel properties because they can obtain income information through the Comptroller’s office. Although they do send out income/expense surveys to commercial businesses, they do not receive enough information to develop an income approach on other types of commercial property. Jim Hogg uses the cost approach for virtually all other commercial property, but they have not updated their cost schedules in five years.

 **RECOMMENDATION 11**

Calculate and consider the three approaches to value in appraising commercial property.

 **FINDING**

Jim Hogg does not collect local income and expense data. and they do not maintain automated income data to analyze reported sales, revenue and expense data to develop typical market rents and other income, vacancy ratios, expense ratios, capitalization rates or gross rents.

IAAO’s *Standard on Mass Appraisal*, Section 3.5, Income and Expense Data, states that the appraisal district must collect income and expense data for income-producing property and review it with qualified appraisers to ensure their accuracy and usability for valuation analysis. *Mass Appraisal of Real Property*, Chapter 2 and *Fundamentals of Mass Appraisal*, Chapter 2, have guidelines for addressing the collection and processing of income and expense data.



IAAO's *Standard on Mass Appraisal*, Section 4.4, The Income Approach, states that mass appraisal applications of the income approach begin with collecting and processing income and expense data. (This data should be expressed on an appropriate per-unit basis, such as per square foot or per apartment unit.) Appraisers should then compute normal or typical gross incomes, vacancy rates, net incomes and expense ratios for various homogeneous strata of properties. These figures can be used to judge the reasonableness of reported data for individual parcels and to estimate income and expense figures for parcels with unreported data. Actual or reported figures can be used if they reflect typical figures (or typical figures can be used for all properties).

The appraisal district should have a process for maintaining automated income data. This includes gathering income and expense information to calculate values using the income approach to value.

Jim Hogg sends out income and expense surveys to local commercial businesses, but they do not receive enough information to develop an income approach for other types of commercial property besides hotel and motel properties. Many commercial properties in the appraisal district are “mom and pop” establishments that do not fit normal income approach parameters. However, some commercial properties could be valued using the income approach if they sought out more resource material.

Currently, Jim Hogg does not use the income approach valuation tools available in their CAMA system. They rely on Excel spreadsheets for income valuations on hotel and motel properties, which limits them to direct capitalization methodology. To address this, they should use multiple resources to develop income approach valuations and familiarize themselves with the income module within the CAMA system.

RECOMMENDATION 12

Collect income and expense information for use in the income approach.

3.5 CATEGORY J – REALAND PERSONAL PROPERTY: UTILITIES PROPERTY VALUATION

The Comptroller's *Texas Property Tax Assistance Property Classification Guide* states Category J property includes the real and personal property of utility companies and co-ops. Usually, utility companies supply continuous or repeated services through permanent physical connections between a plant and a consumer.

Jim Hogg's Category J property values were statistically invalid in 2021. The same appraisal services contractor has appraised Jim Hogg's utility property for over 18 years. Jim Hogg should actively monitor the proposed market values produced by the appraisal contractor to ensure the contractor is performing appraisal and related services for the appraisal district and that such appraisal services comply with Tax Code Section 23.01 relating to the Uniform Standards of Professional Appraisal Practice (USPAP) as it applies to the described properties in the appraisal services contract.



APPENDICES

APPENDIX 1

Appraisal District Budget

	2022	2021	2020	2019	Tier 3 Average 2019-2022	Tier 3 Average 2022
Total Budget (Excluding Collections)	\$387,516	\$365,191	\$364,191	\$356,791	\$512,391	\$547,673
Total Property Taxes Levied (All Jurisdictions)	\$9,310,462	\$8,668,003	\$8,998,613	\$4,176,117	\$60,025,749	\$50,052,924
Does the appraisal district collect taxes?	No	No	No	No	N/A	N/A
Number of Taxing Units Appraisal District Collects For (If Applicable)	N/A	N/A	N/A	N/A	N/A	N/A

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey*

APPENDIX 2

Appraisal District Staffing

Appraisal District Staff

	2022	2021	2020	2019	Tier 3 Average 2019-2022	Tier 3 Average 2022
Full Time Staff	3	3	4	3	4	4
Part Time Staff	0	0	0	0	N/A	N/A

Appraisal Staff

	2022	2021	2020	2019	Tier 3 Average 2019-2022	Tier 3 Average 2022
Full Time Appraisers	2	2	2	1	3	3
Lowest Appraiser Salary	\$30,000	\$28,000	\$28,000	\$28,000	\$40,079	\$39,505
Highest Appraiser Salary	\$30,000	\$28,000	\$28,000	\$28,000	\$46,417	\$48,041

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey*



APPENDIX 3

Appraisal District Parcel Information

Jim Hogg	2022	2021	2020	2019
Parcel Count*	7,293	6,435	6,554	6,271
Number Taxing Units	5	5	5	5
Parcels per Appraisal Staff**	2,547	2,559	2,548	5,063
Total Market Value Certified	\$997,480,241	\$1,010,896,690	\$1,003,770,226	\$909,869,646

Parcels per Appraisal Staff Averages

Parcels	Parcels/Appraiser
Under 10,000	5,300 parcels/appraiser
10,001 – 70,000	6,400 parcels/appraiser
70,001 – 200,000	6,700 parcels/appraiser
Over 200,000	7,100 parcels/appraiser

Source: Texas Comptroller of Public Accounts, *Appraisal District Operation Survey and Electronic Appraisal Roll Submission*

* Parcel count includes contracted appraisal services.

**Parcels per appraiser does not include contracted appraisal services.

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